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P.O. Box 8
Eau Claire, WI 54702-0008

May 5, 2008

Mr. Jon Heinrich
Bureau of Air Management
PO Box 7921
Madison, WI 53707

Regarding: Comments by Northern States Power Company, a Wisconsin corporation¹, on the proposed rule to reduce mercury emissions from coal-fired utility boilers

Dear Mr. Heinrich:

Thank you for the opportunity to provide comments on the state's proposal to reduce mercury emissions from coal-fired electric generating units (EGUs).

Xcel Energy is the fourth-largest combination natural gas and electricity company in the nation. Based in Minneapolis, Minnesota, Xcel Energy operates in 8 western and mid-western states. Xcel Energy provides a comprehensive portfolio of energy-related products and services to 3.3 million electric customers and 1.8 million natural gas customers throughout its regulated operating companies. Xcel Energy's generating units are capable of producing 15,350 megawatts of electricity, using a variety of fuel sources including coal, natural gas and oil, nuclear, renewables and hydropower.

In Wisconsin, Northern States Power Company – Wisconsin (NSPW), an Xcel Energy Company owns and operates one coal- and biomass-fired generating plant; one refuse-derived fuel plant that includes 50 percent or more of waste wood and railroad ties in its fuel mix; two oil- and/or gas-fired combustion turbine plants; and 19 hydropower plants. The state's proposal to reduce mercury will impact NSPW's coal- and biomass-fired generating plant in Ashland, Wisconsin herein referred to as the Bay Front plant; all comments to follow will therefore pertain to this facility.

NSPW's Bay Front power plant is a three-unit generating station capable of producing 76 megawatts of electricity. This plant has become a model for the creative use of fuels, including renewable resources. Bay Front was the first investor-owned power plant in the nation to burn wood to generate electricity in 1979. Since then, Bay Front has burned over 4 million tons of waste wood and

¹ Northern States Power Company, a Wisconsin corporation d/b/a Xcel Energy

railroad ties as well as other alternate fuels such as discarded shredded tires. Replacing coal with these renewable fuels has resulted in a significant decrease in emissions of many pollutants, including mercury. In fact, total mercury emissions from this facility in 2007 were less than 7 pounds.

In 2003, Xcel Energy replaced two coal-burning units at its Black Dog plant in Minnesota with a natural gas-fired turbine generator, reducing annual mercury emissions from that plant by 35 pounds. By 2009, additional projects undertaken at Xcel Energy facilities in Minnesota will result in reductions of mercury of 170 pounds. By 2014, Xcel Energy has agreed to reduce its mercury emissions by 90% from four units at its two largest generating facilities in Minnesota. These various efforts result in significant mercury emission reductions from Xcel Energy facilities in Minnesota that are being paid for, in part, by NSPW's ratepayers.

Under the current WDNR proposal, Xcel Energy would be required to install Best Available Control Technology (BACT) on boilers emitting very small amounts of mercury. In fact, these expensive mercury controls would be needed to potentially remove as little as one or two pounds of mercury per year. NSPW recognizes the Department is aware of the cost-effectiveness of over controlling emissions from a company's bigger units to cover the company's smaller units. This is evidenced by the provision in the current state mercury rule defining a major stationary source as one emitting more than 10 pounds of mercury per year ((NR 446.02 (6e)). NSPW therefore asks the Department to continue to exempt from the rule electric generating units (EGUs) emitting less than 10 pounds of mercury per year. An option could be to define presumptive BACT for these small boilers as having mercury emissions equal to or less than 10 pounds per year. Forcing reductions of one or two pounds of mercury per boiler on these low emitting units would result in increased costs to our ratepayers for no public health benefit.

NSPW also asks the Department to re-define a "small coal-fired EGU" to be an electric generating unit with a nameplate capacity greater than 25 MW but less than 150 MW. This definition is consistent with an affected unit under section 112 of the Clean Air Act (CAA). NSPW believes that with the dismissal of the Clean Air Mercury Rule (CAMR) under CAA section 111, it is likely the EPA will develop mercury emission regulations in the future for EGUs under CAA section 112. Furthermore, the also-dismissed Industrial Boiler MACT affects EGUs serving a generator with a nameplate capacity greater than 25 MW (the same definition as in the current WDNR proposal). This inconsistency results in the potential for two of the three boilers at NSPW's Bay Front plant to be dually regulated by the state as both Industrial Boilers and Utility Boilers.

As stated earlier, NSPW is a strong supporter of using renewable fuels to generate electricity. As such, NSPW asks the Department to consider adding language to the rule allowing small EGUs burning only renewable fuels on or before January 1, 2015 to also be considered as meeting presumptive BACT for

mercury. This language supports the Governor's efforts (announced in 2006) to encourage the increased use of renewables in the state for energy production.

In summary, NSPW is requesting the Department 1) change the definition of a small EGU to be consistent with section 112 of the CAA, 2) allow units emitting less than 10 pounds of mercury per year be considered as meeting BACT and 3) allow units no longer burning coal by 1/1/2015 to be considered as meeting BACT.

Xcel Energy appreciates the opportunity to provide comments on this rule, and invites you to direct any questions on these comments to me at 715/839-1346.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tina Ball". The signature is fluid and cursive, with the first name "Tina" and last name "Ball" clearly distinguishable.

Tina Ball
Senior Environmental Analyst

Cc: David Donovan, NSPW; Rick Rosvold, NSPM